

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Avenue, Helena, Montana, beginning at 9:00 am, September 8, 2004.

Tract	Stip	Tw	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
<b>Lessor:</b> Dept. of Natural Resources & Conservation								
<b>Daniels</b>								
1	1, 2, 3, 4, 5, 7	34.N	46.E	4	LOTS 1, 2, 3, 4, S2N2, S2	640.48	_____	_____
2	1, 2, 3, 4, 5, 7	34.N	46.E	5	LOTS 1, 2, 3, 4, S2N2, S2	639.92	_____	_____
3	1, 2, 3, 4, 5, 7	34.N	46.E	11	NW4, S2	480.00	_____	_____
4	1, 2, 3, 4, 5, 7	34.N	46.E	18	LOTS 3, 4, N2NE4, SE4, E2SW4	395.34	_____	_____
5	1, 2, 3, 4, 5	34.N	46.E	22	N2	320.00	_____	_____
6	1, 2, 3, 4, 5, 7	34.N	46.E	24	NE4, S2	480.00	_____	_____
7	1, 2, 3, 4, 5, 7	34.N	46.E	26	E2, E2W2	480.00	_____	_____
8	1, 2, 3, 4, 5, 7	34.N	46.E	36	ALL	640.00	_____	_____
9	1, 2, 3, 4, 5	34.N	47.E	4	LOTS 1, 2, 3, 4, S2N2, S2	642.60	_____	_____
10	1, 2, 3, 4, 5, 7	34.N	47.E	6	LOTS 1 - 7, SE4NW4, S2NE4, E2SE4	487.96	_____	_____
11	1, 2, 3, 4, 5, 7	34.N	47.E	15	NW4, SE4NE4, SE4, S2SW4	440.00	_____	_____
12	1, 2, 3, 4, 5, 7	34.N	47.E	16	ALL	640.00	_____	_____
13	1, 2, 3, 4, 5	34.N	47.E	25	W2	320.00	_____	_____
14	1, 2, 3, 4, 5	34.N	47.E	29	N2, SE4	480.00	_____	_____
15	1, 2, 3, 4, 5	34.N	47.E	34	E2, S2SW4	400.00	_____	_____
16	1, 2, 3, 4, 5	34.N	47.E	35	S2	320.00	_____	_____
17	1, 2, 3, 4, 5, 7	35.N	46.E	31	LOTS 1, 2, 3, 4, E2W2	310.76	_____	_____
18	1, 2, 3, 4, 5, 7	35.N	46.E	32	E2	320.00	_____	_____
19	1, 2, 3, 4, 5, 6	35.N	47.E	22	NE4, S2	* 480.00	_____	_____
20	1, 2, 3, 4, 5, 6	35.N	47.E	25	N2, SE4	* 480.00	_____	_____
21	1, 2, 3, 4, 5, 6	35.N	47.E	26	NE4, N2SE4	* 240.00	_____	_____
22	1, 2, 3, 4, 5	35.N	47.E	27	SE4	160.00	_____	_____
23	1, 2, 3, 4, 5, 7	35.N	47.E	31	SE4	160.00	_____	_____
24	1, 2, 3, 4, 5, 7	35.N	47.E	32	SW4	160.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
25	1, 2, 3, 4, 5, 7	35.N	47.E	33	W2	320.00	_____	_____
26	1, 2, 3, 4, 5, 7	35.N	47.E	34	ALL	640.00	_____	_____
27	1, 2, 3, 4, 5, 7, 10	35.N	48.E	16	ALL	640.00	_____	_____
28	1, 2, 3, 4, 5, 6	35.N	48.E	36	ALL	* 640.00	_____	_____
29	1, 2, 3, 4, 5, 7	35.N	49.E	13	N2	320.00	_____	_____
30	1, 2, 3, 4, 5, 7	35.N	49.E	16	ALL	640.00	_____	_____
31	1, 2, 3, 4, 5	35.N	49.E	36	W2NW4	80.00	_____	_____
32	1, 2, 3, 4, 5	35.N	50.E	16	SW4	160.00	_____	_____
33	1, 2, 3, 4, 5, 6	35.N	50.E	36	E2SW4	* 80.00	_____	_____
34	1, 2, 3, 4, 5, 6	36.N	48.E	16	E2NE4	* 80.00	_____	_____
35	1, 2, 3, 4, 5	36.N	48.E	36	N2, SE4	480.00	_____	_____
36	1, 2, 3, 4, 5, 7	36.N	49.E	16	N2N2, S2S2	320.00	_____	_____
37	1, 2, 3, 4, 5, 6, 7	36.N	50.E	16	N2, W2SE4, N2SW4, SE4SW4	* 520.00	_____	_____
38	1, 2, 3, 4, 5	36.N	50.E	36	ALL	640.00	_____	_____
39	1, 2, 3, 4, 5, 6	37.N	48.E	16	N2	* 320.00	_____	_____
40	1, 2, 3, 4, 5	37.N	48.E	36	N2NE4, SW4	240.00	_____	_____
41	1, 2, 3, 4, 5, 6	37.N	49.E	16	NW4SW4, S2SW4	* 120.00	_____	_____
42	1, 2, 3, 4, 5, 7	37.N	49.E	36	NE4, SE4SE4, NW4SW4, S2SW4	320.00	_____	_____
43	1, 2, 3, 4, 5, 6	37.N	50.E	16	NW4, SW4NE4, S2	* 520.00	_____	_____
44	1, 2, 3, 4, 5	37.N	50.E	36	ALL	640.00	_____	_____

#### Dawson

45	1, 2, 3, 4, 5	22.N	52.E	10	NE4, N2NW4, SE4NW4, NE4SE4	320.00	_____	_____
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#### Hill

46	1, 2, 3, 4, 5	33.N	17.E	28	S2	320.00	_____	_____
47	1, 2, 3, 4, 5, 6	34.N	12.E	16	ALL	* 640.00	_____	_____
48	1, 2, 3, 4, 5, 6	34.N	12.E	27	S2S2, NE4SE4	* 200.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
<b>McCone</b>								
49	1, 2, 3, 4, 5, 9	27.N	50.E	14	MISSOURI RIVERBED AND RELATED ACREAGE	230.00	_____	_____
50	1, 2, 3, 4, 5, 9	27.N	50.E	15	MISSOURI RIVERBED AND RELATED ACREAGE	213.00	_____	_____
51	1, 2, 3, 4, 5, 9	27.N	50.E	16	MISSOURI RIVERBED AND RELATED ACREAGE	124.00	_____	_____
52	1, 2, 3, 4, 5, 9	27.N	50.E	17	MISSOURI RIVERBED AND RELATED ACREAGE	12.00	_____	_____
53	1, 2, 3, 4, 5, 9	27.N	50.E	18	MISSOURI RIVERBED AND RELATED ACREAGE	8.00	_____	_____
54	1, 2, 3, 4, 5, 9	27.N	50.E	19	MISSOURI RIVERBED AND RELATED ACREAGE	116.00	_____	_____
55	1, 2, 3, 4, 5, 9	27.N	50.E	20	MISSOURI RIVERBED AND RELATED ACREAGE	184.00	_____	_____
56	1, 2, 3, 4, 5, 9	27.N	50.E	21	MISSOURI RIVERBED AND RELATED ACREAGE	53.00	_____	_____
57	1, 2, 3, 4, 5, 9	27.N	50.E	23	MISSOURI RIVERBED AND RELATED ACREAGE	146.00	_____	_____
58	1, 2, 3, 4, 5, 9	27.N	50.E	24	MISSOURI RIVERBED AND RELATED ACREAGE	0.10	_____	_____
59	1, 2, 3, 4, 5, 9	27.N	50.E	25	MISSOURI RIVERBED AND RELATED ACREAGE	159.00	_____	_____
60	1, 2, 3, 4, 5, 9	27.N	50.E	26	MISSOURI RIVERBED AND RELATED ACREAGE	120.00	_____	_____
<b>Phillips</b>								
61	1, 2, 3, 4, 5, 6	32.N	28.E	16	N2, SE4, N2SW4	* 560.00	_____	_____
62	1, 2, 3, 4, 5	32.N	28.E	36	ALL	640.00	_____	_____
63	1, 2, 3, 4, 5	33.N	28.E	16	ALL	640.00	_____	_____
64	1, 2, 3, 4, 5	33.N	28.E	36	ALL	640.00	_____	_____
65	1, 2, 3, 4, 5	36.N	34.E	16	ALL	640.00	_____	_____
66	1, 2, 3, 4, 5	36.N	34.E	36	ALL	640.00	_____	_____
67	1, 2, 3, 4, 5	37.N	34.E	16	ALL	640.00	_____	_____
68	1, 2, 3, 4, 5	37.N	34.E	36	ALL	640.00	_____	_____
<b>Pondera</b>								
69	1, 2, 3, 4, 5, 6	30.N	4.W	36	ALL	* 640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
<b>Richland</b>								
70	1, 2, 3, 4, 5	21.N	59.E	26	SE4	160.00	_____	_____
71	1, 2, 3, 4, 5	23.N	51.E	14	W2	320.00	_____	_____
72	1, 2, 3, 4, 5, 6	23.N	51.E	16	ALL	* 640.00	_____	_____
73	1, 2, 3, 4, 5, 8	27.N	54.E	16	N2, SE4	480.00	_____	_____
<b>Sheridan</b>								
74	1, 2, 3, 4, 5	32.N	59.E	16	LOTS 1, 2, 3, 4, W2, BELOW THE BASE OF THE CHARLES FORMATION	485.88	_____	_____
75	1, 2, 3, 4, 5	35.N	51.E	23	E2NW4, NE4, E2SE4	320.00	_____	_____
76	1, 2, 3, 4, 5, 6, 7	35.N	52.E	11	N2, N2SE4, SE4SE4, NE4SW4	* 480.00	_____	_____
77	1, 2, 3, 4, 5	35.N	52.E	16	NW4NW4, E2, NE4SW4, S2SW4	480.00	_____	_____
78	1, 2, 3, 4, 5, 7	35.N	52.E	36	ALL	640.00	_____	_____
79	1, 2, 3, 4, 5	35.N	53.E	2	SW4SE4, W2SW4, SE4SW4	160.00	_____	_____
80	1, 2, 3, 4, 5	35.N	53.E	3	SE4NE4, SW4SE4, E2SE4	160.00	_____	_____
81	1, 2, 3, 4, 5	35.N	53.E	10	NW4NE4	40.00	_____	_____
82	1, 2, 3, 4, 5	35.N	53.E	11	NW4NW4	40.00	_____	_____
83	1, 2, 3, 4, 5	35.N	53.E	16	ALL	640.00	_____	_____
84	1, 2, 3, 4, 5, 6, 7	35.N	53.E	36	ALL	* 640.00	_____	_____
85	1, 2, 3, 4, 5	36.N	51.E	36	ALL	640.00	_____	_____
86	1, 2, 3, 4, 5, 6	36.N	52.E	16	N2, N2SE4, SW4SE4, SW4	* 600.00	_____	_____
87	1, 2, 3, 4, 5	36.N	52.E	29	SE4SW4	40.00	_____	_____
88	1, 2, 3, 4, 5, 7	36.N	52.E	32	E2NW4, E2SE4, SW4SE4, NE4SW4, N2SE4SW4	260.00	_____	_____
89	1, 2, 3, 4, 5, 6, 7	36.N	53.E	36	ALL	* 640.00	_____	_____
90	1, 2, 3, 4, 5	37.N	51.E	23	SE4SE4	40.00	_____	_____
91	1, 2, 3, 4, 5, 6	37.N	51.E	25	N2NW4	* 80.00	_____	_____
92	1, 2, 3, 4, 5, 6	37.N	51.E	26	NE4NE4	* 40.00	_____	_____
93	1, 2, 3, 4, 5, 6	37.N	51.E	36	SE4NW4, NE4, S2	* 520.00	_____	_____

Tract	Stip	Tw	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
94	1, 2, 3, 4, 5	37.N	52.E	16	N2, N2SE4, SE4SE4, NE4SW4	480.00	_____	_____
95	1, 2, 3, 4, 5, 6	37.N	52.E	36	ALL	* 640.00	_____	_____
96	2, 3, 4, 5, 7, 12	37.N	53.E	16	ALL	640.00	_____	_____
97	1, 2, 3, 4, 5, 6	37.N	53.E	36	ALL	* 640.00	_____	_____
<b>Toole</b>								
98	1, 2, 3, 4, 5	30.N	3.E	36	ALL	640.00	_____	_____
99	1, 2, 3, 4, 5	32.N	2.E	18	LOTS 1, 2, 3, 4, E2W2, FROM THE SURFACE TO THE BASE OF THE BLACKLEAF FORMATION	305.76	_____	_____
100	1, 2, 3, 4, 5, 6, 7	34.N	3.E	30	LOTS 3, 4, SE4, E2SW4	* 313.21	_____	_____
101	1, 2, 3, 4, 5	36.N	3.W	9	SW4SW4	40.00	_____	_____
102	2, 3, 4, 5, 12	36.N	3.W	32	W2SE4	80.00	_____	_____
103	2, 3, 4, 5, 12	37.N	1.E	16	ALL	640.00	_____	_____
104	1, 2, 3, 4, 5, 6	37.N	1.W	2	S2SW4	* 80.00	_____	_____
105	1, 2, 3, 4, 5, 6	37.N	1.W	3	LOTS 8, 9, 10, NE4SE4, SW4	* 314.57	_____	_____
106	1, 2, 3, 4, 5, 6	37.N	1.W	10	ALL	* 640.00	_____	_____
107	1, 2, 3, 4, 5, 6	37.N	1.W	11	NW4, NE4NE4, S2NE4, SE4, N2SW4, SW4SW4	* 560.00	_____	_____
108	1, 2, 3, 4, 5, 6	37.N	1.W	15	ALL	* 640.00	_____	_____
109	1, 2, 3, 4, 5, 6	37.N	1.W	16	NW4NW4, E2W2, E2, SW4SW4	* 560.00	_____	_____
110	1, 2, 3, 4, 5	37.N	2.W	16	ALL	640.00	_____	_____
111	1, 2, 3, 4, 5, 6	37.N	2.W	27	SW4	* 160.00	_____	_____
112	1, 2, 3, 4, 5, 6	37.N	2.W	29	W2SW4	* 80.00	_____	_____
113	1, 2, 3, 4, 5, 6, 7	37.N	2.W	30	E2SE4, SW4SE4, SE4SW4, LESS 30 ACRES LYING WEST OF RR R/W	* 130.00	_____	_____
114	1, 2, 3, 4, 5, 6	37.N	2.W	31	N2NE4	* 80.00	_____	_____
115	2, 3, 4, 5, 6, 12	37.N	2.W	34	NW4	* 160.00	_____	_____
116	2, 3, 4, 5, 6, 7, 12	37.N	2.W	36	ALL	* 640.00	_____	_____
117	1, 2, 3, 4, 5, 6, 7	37.N	3.W	2	NE4SE4	* 40.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acre
118	1, 2, 3, 4, 5, 6	37.N	3.W	7	SE4	* 160.00	_____	_____
119	1, 2, 3, 4, 5	37.N	3.W	8	NE4SW4, SW4SW4	80.00	_____	_____
120	1, 2, 3, 4, 5, 6	37.N	3.W	16	NW4, N2NE4, SW4NE4, S2	* 600.00	_____	_____
121	1, 2, 3, 4, 5, 6	37.N	3.W	18	LOTS 1, 2, 3, E2NW4, W2NE4, NE4SW4	* 315.54	_____	_____

#### Valley

122	1, 2, 3, 4, 5	30.N	39.E	16	ALL	640.00	_____	_____
123	1, 2, 3, 4, 5	31.N	39.E	26	N2, W2SW4	400.00	_____	_____
124	1, 2, 3, 4, 5	31.N	39.E	27	ALL	640.00	_____	_____
125	1, 2, 3, 4, 5	31.N	39.E	28	E2W2, E2	480.00	_____	_____
126	1, 2, 3, 4, 5	31.N	39.E	33	LOTS 2, 3, 4, E2NW4, NE4, N2SE4, NE4SW4	470.95	_____	_____
127	1, 2, 3, 4, 5	31.N	39.E	34	LOTS 1, 2, 3, 4, N2, N2S2	630.20	_____	_____
128	1, 2, 3, 4, 5	31.N	39.E	35	LOTS 3, 4, NE4, N2SE4	317.37	_____	_____

**Lessor:** Dept. of Natural Resources & Conservation

**Total Acres for Lessor** 48,785.64

**Total Tracts for Lessor** 128

**Lessor:** Dept. of Transportation

#### Blaine

129	1, 2, 3, 4, 5, 11	33.N	20.E	36	TRACT IN NE4SE4	10.40	_____	_____
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**Lessor:** Dept. of Transportation

**Total Acres for Lessor** 10.40

**Total Tracts for Lessor** 1

**Total Acres for Lease** 48,796.04

**Total Tracts for Lease** 129

\* Part or all of tract is not state-owned surface

Additional lease stipulations are listed on the following pages. The STIP Column on the lease sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities needing assistance or special services, please call Julie David at (406) 444-4576 at least 1 week prior to the sale.

## STATE BOARD OF LAND COMMISSIONERS

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### Stipulations

1. Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
2. Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
3. The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
4. The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
5. The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
6. Lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
7. The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract. All damages will be assessed by and paid directly to the TLMD.
8. Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.

## **Stipulations**

9. This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
10. Due to existing surface uses and the potential for future surface development, utilization of the surface for mineral exploration and development may be restricted or denied. Review of operating plans for exploration and/or development will include consideration of both existing and potential surface development to minimize conflicts and ensure that both mineral and surface uses are consistent with one another and in the best long-term interest of the school trust.
11. No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Director of Montana Department of Transportation.
12. This lease includes areas that may be environmentally sensitive. Therefore, if the lessee intends to conduct any activities on the lease premises, the lessee shall submit to TLMD one copy of an Operating Plan or Amendment to an existing Operating Plan, describing in detail the proposed activities. No activities shall occur on the tract until the Operating Plan or Amendments have been approved in writing by the Director of the Department. TLMD shall review the Operating Plan or Amendment and notify the lessee if the Plan or Amendment is approved or disapproved.

After an opportunity for an informal hearing with the lessee, surface activity may be denied or restricted on all or portions of any tract if the Director determines in writing that the proposed surface activity will be detrimental to trust resources and therefore not in the best interests of the trust.